

SECTION 8

MAA Summary and Detail Invoice

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***MEDI-CAL
ADMINISTRATIVE
ACTIVITIES
INVOICE***

INSTRUCTIONS FOR THE MEDI-CAL ADMINISTRATIVE ACTIVITIES DETAIL INVOICE PREPARATION

A. INTRODUCTION

These instructions are for the Medi-Cal Administrative Activities (MAA) Detail Invoice with supporting worksheets and MAA Summary Invoice to be used for the MAA claiming process for the period beginning July 1, 1997. The claiming documents are:

- Medi-Cal Administrative Activities (MAA) Detail Invoice
- MAA Funding (Revenue) Sources Worksheet 1
- MAA Direct Charges Worksheet 2
- Program Planning and Policy Development Worksheet 3
- MAA Summary Invoice

The MAA Detail Invoice automatically integrates the costs and the funding source elements to be offset. The net costs are factored by the appropriate Medi-Cal discount percentage (MC%) and the activity percentages to arrive at the amount to be reimbursed.

Prior to preparing the invoice, review the following documents to ensure you are using the most current information.

- Program Policy letters (PPL)
- Approved Claiming Plan and applicable amendments
- Applicable MAA contracts
- MAA Provider Manual

Prior to submitting a MAA Detail Invoice, the Claiming Plan **must** be approved by the Administrative Claiming Operations Unit (ACOU). The information entered on the MAA Detail Invoice **must** be consistent with that found in the approved Claiming Plan or subsequent Claiming Plan amendments. Invoices not consistent with the Claiming Plan or amendments will be returned to the Local Educational Consortium (LEC).

Note: The name of the claiming unit on the MAA Detail Invoice and attachments **MUST** match the name on the approved claiming plan.

The major features of the MAA Claiming Documents are:

- There are seven cost pools on the Detail Invoice. All costs for the claiming unit must be included in one of the Cost Pools or on the Direct Charge Worksheet. Cost Pools 1 and 2 are for staff who participated in the annual time survey. Cost Pool 3a is for staff who perform no MAA and are not administrative. Cost Pool 3b represents the difference between total cost and claimable cost from the Direct Charges Worksheet 2. Cost Pool 4 is for enhanced activities which will be direct charged, and Cost Pool 5 is for non-enhanced activities which will be direct charged. Cost Pool 6 is for administrative costs which will be allocated to the other Cost Pools.
- The Detail Invoice is formatted to fit on **legal paper only**. The Summary Invoice is formatted to fit on **letter paper**.
- The form allows for the input of a specific Medi-Cal discount percentage for each claimable activity, where appropriate, and asks the methodology for determining each.
- CP6 costs are distributed based on personnel costs however CP6 funding sources are distributed on total cost.
- The direct charge section of the claim allows for direct charges in accordance with the Agreement between the Health Care Financing Administration (HCFA) and the State Department of Health Services (SDHS).

B. SPREAD SHEET APPLICATION

The MAA Claiming Documents have been formatted using Lotus 123, Release 5 and Excel. Before using the claiming disk for the first time, it is recommended that an extra copy of the disk be made.

The computerized MAA Detail Invoice and supporting worksheets allow the preparer to enter costs, funding sources, activity percentages, Medi-Cal discount percentages and heading information only once. The data entered on the worksheets will automatically carry forward to the MAA Detail Invoice. The lines and columns where data can be entered are marked with the word "Enter" and the cells are not shaded. All other sections of the MAA Detail Invoice are automatically calculated and are shaded. **FORMULAS** and **FORMATS MUST NOT BE ALTERED** in any way as this will distort the calculation of the federal financial participation (FFP).

C. GENERAL INSTRUCTIONS FOR ENTERING DATA

Data should only be entered where indicated. Data should **NEVER** be entered in the shaded areas or in sections marked formula. Doing so will alter the spreadsheet and, therefore, incorrectly calculate the components of the claim resulting in an erroneous amount of reimbursement. Data to be input is obtained from external sources, such as accounting system reports, spreadsheets, journals, payroll records, etc. Only those data elements (cells) which appropriately reflect costs and funding sources applicable to the claiming entity should be included. Once all the items are entered, the spreadsheet will automatically calculate the remainder of the claim.

All data entered on the claim must have documented evidence linking it to the specified cost pool or funding source designation and must be maintained in the audit file. For example, salaries and benefits assigned to SPMP by entry into Cost Pool 1 should be evidenced by payroll documentation to show the expenditure of such salaries and benefits on individuals who qualify as SPMP.

How to Enter Percentages

The cells which require a percentage to be input already have been formatted to display as a percent. When entering percentage data in these cells use the decimal form. For example:

35%	should be keyed as	“.35"
5%	should be keyed as	“.05"
100%	should be keyed as	“1"

Rounding

All numbers should be rounded to two (2) decimal points. If the third decimal place is a “5” or higher, round up. Otherwise, round down. For example:

35.674%	should be entered as	“35.67"
12.075%	should be entered as	“12.08"
49.463%	should be entered as	“49.46"

D. CONSTRUCTING COST POOLS (CP)

For each period claimed, **all** costs and funding sources for the claiming entity must be assigned to one of the cost/funding source pools (CP) or be direct charged. The Local Educational Consortium (LEC) has the option of including all costs/funding sources for a program or to include only those costs/funding sources for the unit which performs Medi-Cal Administrative Activities and will be reimbursed through the MAA Claiming process. The second option is **only** permissible if the costs are in a separate budget unit and can be separately identified. An example might be claiming for School Nurses who perform Medi-Cal Administrative Activities and whose costs are in a separate budget unit and can be separately identified.

Cost Pool 1

Staff whose costs should be included in Cost Pool 1 are:

- Staff who have been designated as Skilled Professional Medical Personnel (SPMP) **and** have participated in the activity time survey.
- Clerical Staff who work for, are supervised by, and provide “direct clerical support” to the SPMP in Cost Pool 1.
- Supervisors of the SPMP in Cost Pool 1.
- Supervisors of clerical staff who work for and provide “direct clerical support” to the SPMPs in Cost Pool 1.
- Personal Services Contractors who participated in the activity time survey and who have been designated as SPMP and for whom an employer/employee relationship with the agency can be demonstrated.

Note 1: If the clerical staff or supervisors split their time between cost pools, only a proportionate share of their costs should be entered in each cost pool according to the documented time spent in each.

Cost Pool 2

Staff whose costs should be included in Cost Pool 2 are the following:

- All other staff who participated in the time survey.
- Clerical staff who work for the staff in Cost Pool 2.
- Supervisors of the staff in Cost Pool 2.
- Supervisors of clerical staff who directly support Cost Pool 2.

- Personal Services Contractors who have not been designated as SPMP and/or for whom an employer/employee relationship with the agency cannot be demonstrated.

Cost Pool 3a

Includes the costs associated with staff who did not participate in the time survey, and are NOT included in any of the other Cost Pools or on the Direct Charge Worksheet 2. Typically this includes staff who provide treatment, counseling, clinical services, lab services or other non-claimable activities of the claiming unit.

Cost Pool 3b (FORMULAS ONLY-DO NOT ENTER)

Represents the difference between the total cost and claimable costs from the Direct Charge Worksheet 2. **Cost are not directly entered into this cost pool.** These costs will automatically be transferred from the Direct Charges Worksheet 2 to CP3b. The cells for this cost pool contain formulas and should not be altered. The costs in CP 3b are automatically combined into CP 3a, on line L, on the first page of the MAA Detail Invoice.

Cost Pool 4 (FORMULAS ONLY-DO NOT ENTER)

Represents direct charges from the Direct Charges Worksheet 2 which are reimbursed at the enhanced rate. **Costs are not directly entered into this cost pool.** Costs are entered on PPPD Worksheet 3. These costs will automatically be transferred from Direct Charges Worksheet 2 to CP 4. The cells for this Cost Pool contain formulas and should not be altered.

Cost Pool 5 (FORMULAS ONLY-DO NOT ENTER)

Represents the direct charges from the Direct Charges Worksheet 2 which are reimbursed at the non-enhanced rate. **Costs are not directly entered into this cost pool.** These costs will automatically be transferred from the Direct Charges Worksheet 2 to CP 5. The cells for this Cost Pool contain formulas and should not be altered.

Cost Pool 6

Costs include general or administrative staff in the claiming unit who:

- did not time survey **AND**
- whose costs are not included in any department/program (internal) or in the countywide (external) indirect rate **AND**
- whose costs are not direct charged **AND**
- who, by the nature of their work, support the staff in the other cost pools.

These staff may include management, secretarial, fiscal, supervisory and clerical staff not included in the other cost pools. Their cost will be allocated to the other cost pools based on the ratio of personnel costs.

E. ENTERING THE COSTDATA IN THE MAA DETAIL INVOICE

The federal government requires that actual expenditures be reported. The disposition of federal funds may not be reported on the basis of estimates. Therefore costs must be claimed when they have actually been incurred, not accrued.

Line A: Enter the **salary** costs of the staff assigned to CP1, CP2, CP3a and CP6.

Line B: Enter the **benefit** costs of the staff assigned to CP1, CP2, CP3a and CP6.

Note: Benefits should be determined by the standard conventions of the accounting system. Exact amounts should be used if they are available. However, if these costs are normally computed as a percentage of salaries, use this method to determine the benefit's costs.

Line D: Enter the cost of Personal Services Contractors in CP1, CP2 and CP3a.

Line H: Enter the other costs directly attributable to CP1, CP2, & CP3a if they can be properly identified. Otherwise, enter the “**other costs**” on line H of CP6 for allocation to the other cost pools. Generally, the “other costs” include the normal day-to-day and monthly operating expenses necessary to run the claiming unit.

Other Costs also include departmental/agency (internal) and countywide/citywide (external) overhead or indirect costs. Internal indirect costs typically include the costs of a department's administrative and office staff, as well as staff from legal, fiscal accounting, personnel, etc. External indirect costs typically include the costs of the central control agencies of the LEC (Auditor-Controller, Treasurer, General Services, Personnel, etc.)

Indirect costs claiming principles for federally subsidized programs are promulgated under the federal Office of Management and Budgets (OMB) Circular A-87, therefore, indirect costs may be referenced as “A-87.”

External indirect cost rate plans (ICRPs), usually prepared through the county/city Auditor-Controller's Office, must be submitted to and approved by the State Controller's Office. Internal ICRPs must be prepared and on file with the LEC for each claiming unit. Both these plans must be prepared in accordance with the provisions of OMB Circular A-87 to withstand an audit. **Under no circumstance will the costs of staff included in either of the indirect cost rates or Direct Charges Worksheet 2 also be included again as a specific cost in any of the cost pools.** Attachment A identifies costs which may be included in “Other Costs.”

F. ENTERING MEDI-CAL DISCOUNT PERCENTAGES

Lines AB, AC, AE, AG, and AI: Enter the claiming unit's Medi-Cal discount percentage for the period being claimed for the activities which must be discounted. Unlike the activity percentages, **the Medi-Cal discount percentage must be determined for each quarter being claimed.** These percentages must be determined by an actual count or must be the countywide average provided by SDHS. Any other method must be approved by SDHS prior to being used.

Indicate the methodology used to determine the Medi-Cal discount percentage for each activity with an "X" in the area designated on the MAA Detail Invoice. CWA means the county wide average. AC means actual count. TM means DHS tape match. CalWORKS(a) means adjusted CalWORKS count. CalWORKS(u) means unadjusted CalWORKS count.

Some activities do not have to be factored by the Medi-Cal discount percentage. Those activities, as listed below, are identified on lines AA, AD, AF, AH, AJ and AK. A percentage of 100% has been input on the spreadsheet and **must not be altered.**

- Medi-Cal Outreach (A)
- Facilitating Medi-Cal Application
- Contract Administration (A)
- Program Planning and Policy Development (A)
- MAA Coordination/Claims Administration
- MAA Implementation Training

G. ENTERING ACTIVITY PERCENTAGES

When entering activity percentages, please refer to Section C. “General Instructions for Entering Data.”

Lines AA-AP: For CP1 and CP2 enter the activity percentages determined from a one month time survey conducted during the month designated by SDHS or from a SDHS approved subsequent time survey. (Refer to PPL No. 96-017)

The total for each Cost Pool must equal 100%.

Generally time surveys are conducted only once for each fiscal year. The activity percentages determined by that annual time survey will be used on each quarterly invoice.

All claiming units whose costs will be claimed through a time survey for the first quarter of each fiscal year, are required to conduct a time survey during the month designated by the SDHS. Optional time survey may be conducted in subsequent quarters. To conduct additional time surveys, the LEC must submit a request to the SDHS at least thirty (30) days prior to the beginning of the quarter in which the time survey will be conducted. SDHS will either approve or deny the request. Once approved, the time survey must be completed. See PPL #96-017 for further information.

H. FUNDING (REVENUE) SOURCE WORKSHEET 1

The purpose of offsetting funding (i.e. Revenue) against cost is to arrive at the net cost in which the federal government is willing to share. When determining when to report revenue, each claiming unit should consult their annual budget. Revenue should generally be recorded against corresponding cost of the period. If it is anticipated that funds will be received at one time for the entire year, it is reasonable to divide these funds so as to report a portion of them on each quarterly claim. If the entire annual revenue is reported in one quarter, it may more than offset that quarter's cost, resulting in the LEA needing to refund money due to overstating costs in other quarters within a given fiscal year.

Unanticipated revenue for the current fiscal year, or for a prior fiscal year not previously offset, should be offset in the current fiscal year as explained above. Should the aforementioned revenue be received in the last quarter of the current fiscal year, it must be reported in that quarter.

For more information on Funding Sources (Revenue), please refer to the PPLs issued under separate cover.

The purpose of the Funding Source (Revenue) Worksheet 1 is to list all funding sources of the claiming unit. In order to arrive at the net cost for which the federal government will match, it is necessary to offset all applicable funding sources.

In general, the only funds which need **not** be offset are LEC General Funds (including realignment funds), other local funds, and MAA reimbursements. The following rules govern which revenues received by a program must be offset, i.e., subtracted, from costs before a federal match is determined.

1. All federal funds, along with maintenance of effort and other state/local matching funds required by the federal grant, must be offset.
2. All State General Fund monies which have been previously matched by the federal government must be offset. This includes Medi-Cal Fee for services money.
3. State General Funds specifically targeted or earmarked to the delivery of services may not be used again to draw down a federal match for administrative activities. These targeted funds must be offset.
4. Insurance collected from non-governmental sources for the delivery of direct client services may not be used to draw down a federal match for administrative activities. These funds must be offset if the related expenses are included in the MAA invoice.

Note: The number of lines by funding source may be expanded by adding rows; however, each row must be added on the row preceding the categorical total.

I. ASSIGNING FUNDING SOURCES TO COST POOLS **(WORKSHEET 1)**

The claim form provides for the application of the funding source to the appropriate cost pool. Therefore, before entering the amounts the preparer must follow these steps:

- Classify funding sources by type, i.e., Insurance, Medicare, General Education, Grants, etc.
- Determine the purpose of the funding, i.e., Direct Patient Care, Counseling, Outreach, Education, Student support, etc.
- Assign the funding source to the appropriate cost pool.

Whereas costs are assigned to a cost pool based on the workers assigned to that pool, the assignment of funding is determined by the **purpose** of the funding, not necessarily the associated workers. Because funding is normally for a service or product, it is often not identified with a worker or group of workers in the same way that salaries and benefit's costs are identified. Rationale for assigning a funding source to a specific cost pool should be documented and retained as part of the audit file.

The Funding Source Worksheet has seven sections:

- Medi-Cal fees and Match
- Federal Grants and Match
- State General Funds
- Medicare
- Insurance
- Fees
- Other Revenue (Funding Sources)

All funding sources must be assigned to one of these seven sections. If additional lines are required, they may be inserted just above the total line in each section. The formulas will not be affected by the additional line(s) if so inserted. Adding lines to the Funding (Revenue) Source Worksheet 1 may cause the worksheet to print out on multiple pages. All pages must be submitted.

The “Purpose” column is to identify the purpose of the funding/revenue. This should be brief but descriptive enough so the reviewer can determine if the funding has been assigned to the proper cost pool.

The “Not Offset” column is for identifying those funding sources which **are not** offset against costs. This would include county general funds, realignment funds, and all other funding sources used to cover cost but are not required to be offset. These funding sources are identified so the reviewer can relate the total costs to the total funding for that claiming unit.

The remaining columns are to assign funding sources that must offset costs to the appropriate cost pool. Each section has columns identifying which cost pool will be offset by the funding source. “XXX”s have been inserted where it is **not** appropriate to assign funding sources.

Funding sources that are NOT associated with any particular activity or NOT identified to a specific cost pool, but should be offset against the claiming unit should be assigned to CP6. This allocates the funds to be offset to the other cost pools based on total cost.

Funding requiring offset, which is received for Program Planning and Policy Development being direct charged, must be assigned to CP3, CP4 and CP5 in accordance with the percentage of cost allocated to non-claimable, enhanced and non-enhanced.

Other funding requiring offset for non-enhanced costs which are being direct charged must be assigned to CP3 and CP5 in accordance with the percentage of cost allocated to non-claimable and non-enhanced.

Only funding sources for MAA where costs are in CP1 or CP2 should be assigned to CP1 or CP2 on the Funding Source Worksheet. Funding sources for non-claimable activities should be assigned to CP3.

For example, a School Nurse who performs both MAA and non-MAA is required to time survey. All costs for this nurse should be assigned to CP1. Funding received for payment of direct health care should be assigned to CP3. Funding for any other Non-MAA should be likewise assigned to CP3. **ONLY funding for MAA should be assigned to CP1.**

Once all the funding sources have been assigned, Funding Source (Revenue) Worksheet 1 will automatically add the columns and transfer them to the MAA Detail Invoice form, line O. Funding Source Worksheet 1 must contain the certification statement and must be signed and returned with the MAA Detailed Invoice.

J. DIRECT CHARGES WORKSHEET 2

Allowable costs for time and resources related to Medi-Cal Administrative Activities are determined through either a time survey or separately identified and direct charged. The purpose of the Direct Charge Worksheet #2 is to capture costs determined through methodologies other than the time survey.

Costs may be direct charged only if they are so identified in the MAA Claiming Plan. **Unlike the costs captured through the time survey, costs to be direct charged must be tracked on an on-going basis throughout the fiscal year.** These costs are separately itemized on the Direct Charge Worksheet #2 and included in the audit file maintained by the LEC.

There are five categories of costs which may be direct charged:

- (1) MAA Coordination and Claims Administration
- (2) Program Planning and Policy Development when performed 100 % of staff paid time
- (3) Medi-Cal Non-Emergency, Non-Medical Transportation
- (4) MAA Contractors with MAA “specific” contracts
- (5) Other costs which can be identified as specifically pertaining to the performance of MAA.

MAA Coordination and Claims Administration

Direct Charging is permitted for the costs of staff performing MAA Coordination and Claims Administration. MAA Claims Administration at the claiming unit level. This activity is not factored by the Medi-Cal discount percentage. Each staff performing this activity must be separately listed with the corresponding percentage of time identified. By signing the Direct Charge Worksheet, you are certifying to the percentage of time associated with MAA Coordination and Claims Administration.

Direct Charging is also permitted for the related “Other Costs” of staff performing MAA Coordination and Claims Administration. For example, Other Costs which may be direct charged include equipment used exclusively for the execution of MAA.

Program Planning and Policy Development

Direct Charging should be used to report costs for staff who perform Program Planning and Policy Development 100% of their paid time. If performed less than 100%, the costs must be determined through the time survey. See the Section, K. Program Planning and Policy Development for more information.

Medi-Cal Non-Emergency, Non-Medical Transportation

The actual cost of providing Medi-Cal Non-Emergency, Non-Medical transportation may be direct charged. These costs include bus token, taxi fares, mileage, etc. There are two ways to direct charge these costs.

- (1) Record all costs for transporting all clients to a Medi-Cal covered service. The costs must then be factored by the appropriate Medi-Cal discount percentage,
- (2) Record only the costs of transporting Medi-Cal clients to Medi-Cal covered services. No discount factor would be applied if using this methodology.

MAA Contractors

If the contract specifically describes the MAA to be performed and the contract specifies the amount for each MAA performed, it is not necessary for the contractor to time survey. The scope of the contract must include the MAA to be performed, such as Outreach A, the staff performing the activity and the deliverables. The contract must also identify how the Medi-Cal discount percentage will be determined, if appropriate.

Other Costs

Non-personnel costs associated with the performance of MAA may also be direct charged. The activity associated with these costs must be identified. Additionally, it must be determined if the cost must be factored by a Medi-Cal percentage. The discount factors for non-personnel costs may be different from the activity of the staff performing MAA.

The Direct Charges Worksheet 2 is divided into four sections.

- Section 1: Enhanced - Cost Pool 4 (Program Planning and Policy Development)
- Section 2: Non-enhanced - Cost Pool 5 (Program Planning and Policy Development)
- Section 3: Non-Enhanced - Cost Pool 5 (Non-PPPD)
- Section 4: Total to Cost Pool 3b

When determining which costs are to be direct charged, remember that those costs cannot appear anywhere else on the MAA Detail Invoice as this would result in duplicate claiming.

Sections 1 and 2:

The first two sections are for costs related to the performance of Program Planning and Policy Development (PPPD) when performed 100% of staffs paid time. Costs are not entered directly into these two sections, but are entered on the Program Planning and Policy Development Worksheet 3 and are automatically transferred from this worksheet to Sections 1 and/or 2 of the Direct Charges Worksheet 2. Detailed steps for this process are in Section K (PPPD Worksheet 3).

Section 3:

This section is to be used to enter all costs, other than Program Planning and Policy Development, to be direct charged. Data from this section of the worksheet will automatically be transferred to the MAA Detailed Invoice.

- Costs should be entered in unshaded cells of Section 3 of the Direct Charges Worksheet 2 in the appropriate cost column. Separate columns have been provided to record the costs for salaries and benefits of claiming unit staff, Personal Services Contracts, MAA Transportation, and Other costs. **Do not enter PPPD costs in this section.**
- In the Description section, list the categories of costs to be direct charged as defined in the approved claiming plan.
- For each category of costs to be direct charged, a Medi-Cal discount percentage **OR** a Time Factor must be entered in the Medi-Cal/Certified Time Factor column.
- For MAA Coordination and Claims Administration costs, enter the time percentage in the Medi-Cal/Certified Time Factor column. As this activity does not require discounting by a Medi-Cal percentage, the time percentage is the only factor which will be applied. If this activity is performed 100% of the staffs paid time enter “1” in the column. If more than one person is to be direct charged for this

activity and the certified time percentages are different, enter each position and the certified time percentage separately. If actual costs associated with the performance of this activity, such as travel, are to be direct charged, list these costs on a separate line and enter the cost in the column labeled "Other Costs" Refer to PPL No. 97-014.

Note: When assigning a factor to costs for such items as equipment or travel associated with MAA/TCM Coordination and Claims Administration, it is critical to evaluate how much of those costs are claimable as MAA. This factor may frequently be different from the factor used to certify the time spent on that activity.

- For activities requiring a Medi-Cal discount percentage, enter the percentage discount in the Medi-Cal/Certified Time Factor column. The appropriate Medi-Cal discount percentage is determined by the methodology identified in the approved claiming plan.

Examples for Section 3

Example 1: The cost of transportation may be direct charged in one of two ways. The first is to record the cost for transporting only Medi-Cal eligibles to a Medi-Cal service. In this case, the activity would not be discounted by a MC% (enter "1" in the cell to show 100% Medi-Cal discount percentage). The second alternative is to record the cost of transporting everyone to a Medi-Cal covered service. An appropriate MC% is determined by actual head count or countywide average according to the claiming plan and this percentage is entered in the Medi-Cal/Certified Time Factor column cell.

Example 2: A MAA Coordinator spends 85% time on MAA Coordination and Claims Administration. Additionally, an accountant spends 45% of his/her time preparing claims. The MAA Coordinator would be listed and "85" entered in the Medi-Cal/Certified Time Factor column. If the Coordinator had costs associated with MAA, the costs should be listed on a separate line in the "Other Costs." column and the factor should be 100%. The accountant would be listed separately and a "45" would be entered in the Medi-Cal/Certified Time Factor column. The percentages of time must be determined and documented in accordance with the approved MAA claiming plan. These percentages may differ each quarter since they are determined on an on-going basis.

Section 4:

This section is a summary of the non-claimable costs determined from Section 3 and the Program Planning and Policy Development Worksheet 3. Data is not to be entered in this section. These totals are automatically transferred to the MAA Detail Invoice.

The Direct Charge Worksheet 2 must contain the certification statement and be signed by the person with the requisite authority. It must be submitted with the MAA Detail Invoice. When costs are claimed as a direct charge, Worksheet 2 need not be submitted if no costs are being direct charged.

K. PROGRAM PLANNING and POLICY DEVELOPMENT WORKSHEET 3

The Program Planning and Policy Development Worksheet 3 has been developed to determine the reimbursable amount for Program Planning and Policy Development activities which are being direct charged. According to the Agreement between the HCFA and the SDHS (Addendum No. 3), this activity may be direct charged **only** if performed by a unit of one or more employees who spend 100% of their paid time performing program planning and policy development. The claimable portion of this activity is then automatically transferred to the Direct Charge Worksheet 2.

If Program Planning and Policy Development is performed less than 100% of paid time it cannot be direct charged. Instead employees must time survey and record their time performing this activity under either Program Planning and Policy Development (A) or Program Planning and Policy Development (B). Costs for these employees should be included in Cost Pool 1 or Cost Pool 2, NOT on the Program Planning and Policy Development Worksheet.

Program Planning and Policy Development is the only activity which currently qualifies for enhanced funding when performed by an SPMP. SPMP employees who perform only this activity are **not** required to participate in the annual time survey **but** must track their time to account for the various programs they are planning/developing, the time performing general administrative activities and paid time off since general administration is NOT reimbursable at the enhanced rate (75%). Non-SPMPs need only track time spent on the various programs, not on general administration, since all time is reimbursable at the non-enhanced rate (50%). The methodology used to track the time spent on the different programs must be described in the Claiming Plan.

The worksheet is divided into two sections, one for SPMPs and one for non-SPMPs. The section for SPMP takes into account salary and benefits to be reimbursed at the enhanced rate (75%) while calculating all other costs at the non-enhanced rate (50%). Costs for the SPMP must be entered in the appropriate section. Costs for the non-SPMPs must likewise be entered in the appropriate section. For each program type, the amount of time spent and the Medi-Cal discount percentage, where appropriate, must be entered. When entering this information it is critical to segregate the information for the SPMPs and the non-SPMPs in the area identified.

The worksheet has been designed to accommodate the following program types:

- (1) **Medi-Cal Services for Medi-Cal clients only:** this is for programs which are developed for a Medi-Cal covered service for Medi-Cal eligibles only. The Medi-Cal discount percentage is always 100%.

- (2) Medi-Cal Services (general population): this is for programs developed for a Medi-Cal covered service but may be available to the entire county/city population. The MC% should be the countywide average.
- (3) Non Medi-Cal Program: this is for programs which are for services not covered under the Medi-Cal program and therefore is not claimable. The Medi-Cal discount percentage is 0% and the cell is pre-formatted.
- (4) Medi-Cal Programs with identified Medi-Cal beneficiaries: this is for programs which are for a Medi-Cal covered service and the Medi-Cal population to benefit from the program can be specifically identified. The worksheet is designed to accommodate seven of these program types. Others may be added by inserting rows on the spreadsheet, formulas must be copied.

All other areas of the worksheet contain formulas. Data **must not** be entered in these areas. The areas are shaded for easy identification. The claimable portion of costs are automatically transferred to the Direct Charge Worksheet 2, Section 1 or 2. The non-claimable portion of costs are transferred to section 4.

L. SUPPORTING DOCUMENTATION

The following document must be submitted for each MAA Detail Invoice submitted for payment:

- Funding Source (Revenue) Worksheet 1 - (**must** have a certification statement and an original signature)

Additionally, the following documents must be submitted with each initial quarterly claim of each fiscal year:

- A list of all classifications of staff whose costs have been assigned to CP6 and the number of staff in each of the classifications
- Description of “Other Costs” categories for each cost pool except CP3a

Note: The SDHS reserves the right to request this information be submitted for additional quarterly claims.

The following documents must be submitted with each MAA Detail Invoice if costs are being Direct Charged:

- Direct Charge Worksheet 2 - (**must** have a certification statement and an original signature)
- Program Planning and Policy Development Worksheet 3

M. CLAIMING FOR CONTRACTORS

A separate MAA Detail Invoice is required for each contractor, except a personal services contractor. Personal Services Contractors may be included on the claim from the claiming unit. The requirement to provide cost and funding data for cost pools is dependent upon the provision and purpose of the contract between the claiming unit and the contractor and the funding used to reimburse the contractor.

If the contract is “nonspecific,” meaning that the contract does not clearly describe the MAA to be performed and specifically identify the amount to be paid for each allowable activity, contractor staff must time survey. The contractor must enter costs into CP2 for both SPMP and non-SPMP individuals, to have those costs factored by the time survey results. If operating expenses and overhead costs are an integral part of the contract amount, these costs may be entered on line H, “Other Costs,” on the first page of the MAA Detail Invoice.

If the contract is “specific,” meaning that the contract describes the MAA to be performed and the specific amount to be paid for each activity, it is not necessary for contractor staff to time survey. In this case, costs are to be entered in Section 3, Non-Enhanced CP5, of the Direct Charges Worksheet 2. In the “description” section, each MAA included in the contract, such as Outreach A, Outreach B, etc., is to be listed separately, with the associated contract amount (costs) entered in the “Other Costs” column. The Medi-Cal discount percentage is required, for the following activities:

- Medi-Cal Outreach (B1 and B2 and B3)
- Arranging for Transportation
- Program Planning and Policy Development (B)

When the claiming unit contracts to provide specific MAA using only their unmatched General Funds, a listing of all funding sources is not required from the contractor. It is required that the claiming unit certify the source of funding for the contract and that no offset is required as these funds are unmatched LEC General Funds only. This certification should be made on **LEC letterhead** and signed using the same certification statement found on the Funding Source (Revenue) Worksheet. Worksheet #1 may also be used for this purpose.

N. COMPLETING THE HEADER ON THE DETAIL INVOICE

Each MAA Detail Invoice must contain the following items:

- LEC
- Contract Number: use the number specific to the period of service (FY) claimed.
- Period of Service: this identifies the period of time covered on the invoice.
- Claiming Unit this identifies the unit within the program as identified in the Claiming Plan. For example, the claiming unit may be a school district.
- California District Code Number.

If the claim is for a **contractor** of the Claiming Unit, the name of the contractor must also be identified. This should be added to the name of the Claiming Unit.

- Invoice Number: the standard invoice numbering system is designed to identify the fiscal year and the quarter claimed. For example, invoice number 99/00-1 is the claim for the first quarter (July 1, 1999 - September 30, 1999) of fiscal year 1999/00.

Invoice Number

Period of Service

99/00 - 1	July 1, 1999 - September 30, 1999
99/00 - 2	October 1, 1999-December 31, 1999
99/00 - 3	January 1, 2000 - March 31, 2000
99/00 - 4	April 1, 2000 - June 30, 2000

Once the header information has been entered on the MAA Detail Invoice, it will automatically be carried to each of the worksheets.

MAA SUMMARY INVOICE

The MAA Summary Invoice is used to aggregate information from the MAA Detail Invoice onto a single page which identifies the cost categories for reimbursable costs associated with Cost Pools 1 & 2 and the Direct Charges. Each Detail Invoice should have a separate accompanying MAA Summary Invoice.

To complete the MAA Summary Invoice, enter data as follows:

Service Region:	Enter the service region.
CDCN:	Enter the California District Code Number.
LEC:	Enter the LEC Name and Service Region
Period of service:	Enter the period of service (FY) for the MAA Detail Invoice
Contract Number:	Enter the contract number which corresponds to the period of service.
Invoice Number:	Enter the invoice number which corresponds to the MAA Detail Invoice number.
Line 1:	Enter the amount identified on line CG of the MAA Detail Invoice
Line 2:	Enter the amount identified on line CH of the MAA Detail Invoice.
Line 3:	Enter the amount identified on line CI of the MAA Detail Invoice.

If the MAA Detail Invoice must be adjusted. The Administrative Claiming Operations Unit (ACOU) of the Accounting section in the Department of Health Services can make these adjustments after consulting with the submitting LEC. The ACOU will adjust the MAA Summary Invoice accordingly and fax the revised MAA Detail and MAA Summary invoice to the LEC MAA Coordinator.

SUBMITTING THE MAA DETAIL and MAA SUMMARY INVOICE

It is the responsibility of the MAA Coordinator to review all invoices for completeness and accuracy prior to submitting them to the State Department of Health Services. Invoices submitted using an incorrect format will be returned without being reviewed. To expedite the review and payment process, it is necessary to follow all the instructions.

The following items must be included:

- MAA Summary Invoice
- MAA Detail Invoice
- Funding (Revenue) Sources Worksheet 1
- Direct Charges Worksheet 2 (if claiming)
- Program Planning and Policy Development Worksheet 3 (if Direct Charging)
- Review Checklist
 - > for MAA Detail Invoice
 - > for MAA Summary Invoice
- Supporting Documentation, when requested

The original and two copies of the MAA Detail Invoice and MAA Summary Invoice are required. Only the original of the other documents are necessary.

Invoices should be sent to:

Department of Health Services
Administrative Claiming Operations Unit
Attn: Georgia Rivers
714P Street Room 1640
PO Box 942732
Sacramento, CA 94234-7320

PAYMENT PROCESS

MAA claims are submitted to the SDHS, Administrative Claiming Operations Unit (ACOU). The invoices are reviewed for fiscal integrity and compared to the Claiming Plan. If the invoice is accepted, reviewed and approved by ACOU, the invoice will be forwarded to the Accounting Office for payment processing. The Accounting Office will prepare the invoices for payment and forward them to the State Controller's Office (SCO) for payment. Warrants are made payable to the LEC Treasurer. Once an invoice is sent to the SCO, a warrant may be expected within two weeks.

All paid invoices are reported to the federal government on a quarterly basis on the Report of Expenditures, Form 64 (HCFA 64). All invoices must be reported within two years of the end of the quarter claimed. Invoices submitted for the first time beyond the two-year time frame will be returned without being processed for payment. In order to comply with this requirement, all LEC invoices must be submitted to the Department of Health Services within eighteen (18) months of the end of the quarter claimed.

SUBMITTING CORRECTIONS and REVISIONS

Corrections: All invoices submitted to the SDHS for payment are reviewed by staff in the ACOU. If errors are found or additional documentation is required, state staff will contact the MAA Coordinator. It may be possible to resolve the error by phone or by the LEC submitting (FAX and/or mail) additional documentation. If this can be accomplished in a few days, the invoice will be held in the ACOU pending resolution. Otherwise, the invoice(s) will be returned to the LEC with a written explanation of the reasons it is being returned for correction.

When the LEC corrects and returns the rejected invoice, it must identify the resubmitted invoice as a Corrected Invoice. The corrected invoice must be identified as a “Correct Invoice” in the transmittal letter and also in the invoice number. The invoice number should reflect the correction by adding a C-1 to the invoice number. If subsequent corrections are required, the invoice number will reflect the number of corrections (C-2), etc.

Revisions: Sometimes, after an invoice has been processed and paid, an LEC may discover the need to make revisions to the invoice. In these situations, the LEC should recompute the invoice and submit it along with the invoice as it was originally paid. The revised invoice must be identified as a “Revised Invoice” in the transmittal letter and also in the invoice number (R-1).

Corrections and Revisions require a new MAA Summary Invoice and Checklist.

Attachment A

EXAMPLES OF OTHER COSTS

“Other Costs” are those costs, other than salary and benefits, which are necessary for the proper and efficient administration of the Medicaid program. While many operating (other) costs are claimable, some are not. Below is a list of typical costs which may be claimed for reimbursement and a list of costs which are not claimable and must be listed as “Other Costs” in Cost Pool 3a. Both lists are only examples and are not considered comprehensive.

Claimable Operating (Other) Costs

- Office supplies
- Office furniture
- Computers and software
- Data processing costs
- Purchased clerical support
- Office maintenance costs
- Utility costs
- Building/space costs (with capitalization limits)
- Repair and maintenance of office equipment
- Vehicle rental/amortization and fuel
- Facility security services
- Printing and duplication costs
- Agency publication and advertising costs
- Personnel and payroll services costs
- Property and liability insurance (excluding malpractice insurance)
- Professional association/affiliation dues
- Legal representation for the agency
- Indirect costs when determined to be in accordance with OMB Circular A-87

All of the above are claimable costs only if they do not relate to non-claimable categories of cost. For example, repair and maintenance of office equipment used to support activities of SPMPs in Cost Pool 1 are claimable costs. The repair and maintenance of an X-ray machine or lab equipment are not claimable costs and must be entered as “Other Costs” of Cost Pool 3a.

Non-claimable Operating Costs

- Malpractice insurance
- Equipment used for providing medical treatment
- Medical supplies
- Drugs and medications
- Costs of elected officials and their related costs
- Costs for lobbying activities
- Fund Raising
- Most interest expense
- Bad debt expense

**CHECK LIST FOR PREPARING THE MAA DETAIL INVOICE
FOR MEDI-CAL ADMINISTRATIVE ACTIVITIES**

Each Medi-Cal Administrative Activities (MAA) Detail Invoice must have a completed check list verifying the following items before it will be processed for payment. In addition to the following items, the claims will be reviewed for reasonableness and consistency.

- _____ You have an approved claiming plan on file.
- _____ The proper format is used.
- _____ The LEC name is on the invoice.
- _____ The correct contract number is used.
- _____ The period of service is correct.
- _____ The Claiming Unit name is the same as identified in the Claiming Plan.
- _____ The California District Code Number is the same as identified in the Claiming Plan..
- _____ The invoice number matches the period of service. If the invoice is a correction, add C-1, C-2, etc. If the invoice is a revision, add R-1, R-2, etc.
- _____ The methodology used to determine the Medi-Cal discount percentage is consistent with the claiming plan.
- _____ The required certification statements are on the required documents and signed.
 - Medi-Cal Administrative Activities Detail Invoice.
 - Medi-Cal Administrative Activities Funding (Revenue) Source Worksheet 1.
 - Medi-Cal Administrative Activities Direct Charges Worksheet 2.
- _____ The invoice is dated and has an original signature (preferably in BLUE ink.)
- _____ The Direct Charge Worksheet 2 is dated and has an original signature.
- _____ The Funding Source Worksheet is dated and has an original signature.
- _____ The total amount to be reimbursed is greater than zero and there are no "Error" comments on the claim.
- _____ The required supporting documentation is attached.
(Cost Pool 6 and a description of "Other Costs" for each Cost Pool, except 3a, for the initial quarterly claim of each fiscal year.)
- _____ The original of the claim and two copies are included.

**SIGN AND DATE INDICATING ALL ABOVE ITEMS HAVE BEEN REVIEWED
PRIOR TO SUBMISSION.**

SIGNATURE

DATE

CHECK LIST FOR PREPARING THE MAA SUMMARY INVOICE FOR MEDI-CAL ADMINISTRATIVE ACTIVITIES

Each MAA Summary Invoice sent to the Department of Health Services, Administrative Claiming Operations Unit (ACOU) by the Local Educational Consortia (LEC) must be accurate and complete. To assist the staff in reviewing and processing your Medi-Cal Administrative Activities (MAA) Claims expeditiously, please complete this check list and verify the following items before sending your MAA Summary Invoice to be processed by ACOU.

- _____ Prepare a cover letter, which identifies any irregularities or variations in the MAA Detail Invoice, and attach it to the MAA Summary Invoice.
- _____ Confirm the MAA Summary Invoice is prepared on the letterhead of the agency which is under contract with the Department of Health Services.
- _____ Confirm the LEC Name is correct.
- _____ Confirm the contract number is correct.
- _____ Confirm that the period of service is correct and matches the period of service on the corresponding MAA Detail Invoice.
- _____ Confirm the Claiming Unit name is the same as the MAA Detail Invoice.
- _____ Verify that the invoice number is the same as the MAA Detail Invoice.
- _____ Confirm the 50% amount (line 1) is the same as line CG on the MAA Detail Invoice.
- _____ Confirm the 75% amount (line 2) is the same as line CH on the MAA Detail Invoice.
- _____ Confirm the total (line 3) is the same as line CI on the MAA Detail Invoice.
- _____ Confirm the MAA Summary Invoice is dated and has an original signature (preferably in blue ink).

SIGNATURE

DATE

AUDIT FILE CHECKLIST

The following list is provided as a guide to determine what to include in the audit file when claiming for Medi-Cal Administrative Activities (MAA). The list is general in nature and is not intended to be all inclusive.

- _____ Contract with the State Department of Health Services
- _____ Contract with Host County
- _____ All Memorandums of Understanding or contracts with school districts and county offices of education..
- _____ Organization charts for the agency
- _____ Duty statements for staff performing administrative activities
- _____ A copy of the survey used to determine if staff qualify as Skilled Professional Medical Personnel
- _____ Time Study sheets with supervisor's signature
- _____ Approved claiming plans
- _____ Supporting material, i.e. flyers, brochures, attendance forms
- _____ Documentation to support the Medi-Cal Discount Percentage claimed
- _____ Worksheets and spreadsheets used in developing the claim
- _____ Copy of the methodology used to establish the agency's indirect cost rate

Acronyms used in the MAA Detail Invoice
and the instructions for the invoice

AC	Actual Count
ACOU	Administrative Claiming Operations Unit
CP	Cost Pool
CWA	County Wide Average
FFP	Federal Financial Participation
GA	General Administration
HCFA	Health Care Finance Administration
HCFA-64	HCFA Report of Expenditures, Form 64
ICRP	Indirect Cost Rate Plan
LEC	Local Educational Consortium
MAA	Medi-Cal Administrative Activities
MC%	Medi-Cal Discount Percentage
OMB	Office of Management and Budgets
OMB Circular A-87	Federal Office of Management and Budgets Circular A-87 - Guide for Indirect Cost for State and Local Government
PPPD	Program Planning and Policy Development
PTO	Paid Time Off
SCO	State Controller's Office
SDHS	State Department of Health Services
SPMP	Skilled Professional Medical Personnel
TM	Tape Match
CalWORKS (u)	Unadjusted CalWORKS Count
CalWORKS (a)	Adjusted CalWORKS Count